Agenda - Executive Policy Committee – March 13, 2013

Report - Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – March 4, 2013

Item No. 1 Lease Renewal of Fort Garry Place – Between the City of Winnipeg and 60961 Manitoba Ltd.
(Fort Rouge – East Fort Garry Ward)

STANDING COMMITTEE RECOMMENDATION:

On March 4, 2013, the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the lease renewal of office and storage accommodations in Fort Garry Place for the Planning, Property and Development and Community Services Departments, be approved in accordance with the Terms and Conditions as outlined in Schedule "A", and any other conditions deemed necessary by the Director of Legal Services/City Solicitor to protect the interests of the City.

2. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee – March 13, 2013

Report - Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – March 4, 2013

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On March 4, 2013, the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **Lease Renewal – Ft. Garry Place – Between the City of Winnipeg and 60961 Manitoba Ltd.**

Critical Path: **Standing Policy Committee on Downtown Development, Heritage and Riverbank Management/ EPC/ Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Zabudney	B. Thorgrimson	M Ruta	D Joshi COO

RECOMMENDATIONS

1. That the proposed lease renewal of office and storage accommodations in Ft. Garry Place for the Planning, Property and Development and Community Services Departments, be approved in accordance with the proposed Terms and Conditions as outlined in Schedule "A", and any other conditions deemed necessary by the Director of Legal Services/City Solicitor to protect the interests of the City.

2. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

In accordance with the Council Order of July 18, 1979, the Standing Policy Committee on Property and Development shall authorize the leasing or rental of City properties for which the Director of Planning, Property and Development Department has no authority.

On March 24, 2004, Council established the Standing Policy Committee on Downtown Development. The new Standing Policy Committee had jurisdiction over matters related to asset management, development control, land acquisition, land development and planning and land use in the area defined as Downtown.

On May 25, 2011, Council renamed the Standing Policy Committee on Downtown Development the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management. The newly named Standing Policy Committee had jurisdiction over matters related to historical buildings and river-related issues in additional to those of its predecessor in the area defined as Downtown.

IMPLICATIONS OF THE RECOMMENDATIONS

The Planning, Property and Development Department and License Branch of Community Services Department will continue to occupy approximately 75,492 square feet of net rentable area at a very competitive lease rate.

HISTORY

On September 29, 1998, Council approved a 5-year lease renewal (November 1998 – November 2003) for approximately 34,268 square feet for the relocation of staff to 65 Garry to consolidate the Planning, Property and Development Department.

On February 3, 2000, the Standing Policy Committee on Property and Development approved the lease of approximately 53,674 square feet for a three-year term. Termination date of these leases coincided with previous leases being November 2003.

On November 19, 2008, Council approved the lease of approximately 74,785 square feet for a five-year period, which expires November 30, 2013. The total area did not include a file storage area located on P-2-65 Garry St.

Currently Planning, Property and Development Department and License Branch of Community Services Department occupy approximately 75,492 square feet, of net rentable area. The rentable area includes the file storage are on P2-65 Garry St. The proposed lease terms and conditions are outlined in Schedule “A”, summary of leased areas may be found in Schedule “B”.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 29, 2013

Project Name: Lease Renewal – Ft. Garry Place – Between the City of Winnipeg and 60961 Manitoba Ltd.

First Year of Program 2013

	2013	2014	2015	2016	2017 & 2018
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 78,069	$ 936,832	$ 936,832	$ 936,832	$ 1,795,595
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 78,069	$ 936,832	$ 936,832	$ 936,832	$ 1,795,595
Less: Existing Budget Amounts	78,069	936,832	936,832	936,832	1,795,595
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs in 2013 represent the $936,832 annual lease payment prorated for the December 1 commencement date. Direct costs from 2014 onward represent annual lease payments for the full year with the amount for 2018 prorated to reflect the November 30 termination date. These costs will be charged to the current budget of the Municipal Accommodations Division and recovered from the occupants of the space; the Planning, Property & Development and Community Services Departments.

"Original signed by"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

Community Services Department

SUBMITTED BY

Department:	Planning, Property and Development
Division	Real Estate
Prepared by:	Sandi Carlson-Edwards
Date:	February 8, 2013
File No.	o:\reports **directive**\real estate\leasing\(sc)Fort Garry Place - Lease Renewals.doc

SCHEDULE 'A'
PROPOSED TERMS AND CONDITIONS

Lessor:	60961 Manitoba Ltd	
Lessee:	City of Winnipeg	
Leased Area:	75,492 Square Feet	
Gross Lease Cost:	Office:	$12.50 per square foot
	Storage Raw:	$ 4.50 per square foot
	Finished Storage:	$10.50 per square foot
Term:	Five (5) Years	
Commencement Date:	December 1, 2013	
Termination Date:	November 30, 2018	
Cancelation Notice:	One (1) Year written notice to Landlord	

SCHEDULE "B"

PLANNING, PROPERTY AND DEVELOPMENT & COMMUNITY SERVICES LEASED AREA

Lease No.	Address	Division	Square Feet	Gross Rent per Square Foot	Total Annual Lease Costs	Per Month
STORAGE SPACE						
10	P2-65 Garry	• PP&D File Storage	707	$4.50	$3,181.50	$265.13
89	P3 – 65 Garry	• Development & Inspections Storage	581	$10.50	$6,100.50	$508.38
		TOTAL STORAGE SPACE	1,288		$9,282.00	$773.51
OFFICE SPACE						
41	2nd Floor - 65 Garry	• Development and Inspections • Property & Information systems • Real Estate • Support Services	12,259	$12.50	$153,237.50	$12,769.79
42	Lobby - 65 Garry	• Common to all Divisions	637	$12.50	$7,962.50	$663.54
44	4th Floor - 65 Garry	• Development and Inspections • Support Services	10,959	$12.50	$136,987.50	$11,415.63
45	Mezzanine - 65 Garry	• Technical Support Officers – Plan Exam Branch - Dev & Inspections Div (Former Golf Services SOA)	913	$12.50	$11,412.50	$951.04
48	Mezzanine-30 Fort	• Human Resources • Plan Examination	5,103	$12.50	$63,787.50	$5,315.63
75	31-30 Fort Street	• Development & Inspections	9,900	$12.50	$123,750.00	$10,312.50
76	18-30 Fort Street	• Community Services, License Br.	3,010	$12.50	$37,625.00	$3,135.42
77	15-30 Fort Street	• Planning and Land use	12,276	$12.50	$153,450.00	$12,787.50
78	Main Floor - 65 Garry	• Development & Inspections	3,391	$12.50	$42,387.50	$3,532.29
102	Mezzanine–65 Garry	• Development & Inspections • Property & Information systems • Civic Accommodations	3,590	$12.50	$44,875.00	$3,739.58
97	3rd Floor - 65 Garry	• Civic Accommodations	12,166	$12.50	$152,075.00	$12,672.92
		TOTAL OFFICE SPACE	**74,204**		$927,550.00	
		Total Leased Space	**75,492**		**$936,832.00**	